

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6136

BILL NUMBER: SB 376

NOTE PREPARED: Mar 23, 2009

BILL AMENDED: Mar 16, 2009

SUBJECT: Line of duty disability from Parkinson's disease.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Sullivan

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill creates a presumption that a police officer, firefighter, or emergency medical services provider who is diagnosed with Parkinson's disease after being exposed to certain toxins or trauma has incurred a line-of-duty disability. (Current law provides that certain cancers or heart or lung disease is presumed to have been incurred in the line of duty.)

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This fiscal impact analysis assumes that the 1977 Fund member who has incurred Parkinson's disease under the circumstances described in the proposed legislation would be eligible for a Class 2 disability rather than a Class 3 disability.

The fiscal impact analysis for this type of benefit improvement is very difficult since it is unknown how many 1977 Fund members would be affected by this legislation.

By way of illustration, this analysis considered the fiscal impact on two 1977 Fund members if their disabilities, as a result of incurring Parkinson's disease under the circumstances described, caused them to have Class 2 disability rather than a Class 3 disability due to the proposed legislation.

In each case, it is assumed a certified first class annual officer salary of \$45,000 and a 20% degree of impairment disability. Furthermore, each member is male with a spouse 3 years younger.

The first case considers a 1977 Fund member who, at the time of the disability, was 30 years old with 5 years of service. As a result of the proposed legislation, it is estimated that there would be an increase in unfunded accrued liability of \$107,000.

The second case considers a 1977 Fund member who, at the time of the disability, was 45 years old with 20 years of service. As a result of the proposed legislation, it is estimated that there would be an increase in unfunded accrued liability of \$28,000.

Background Information: Cities and towns with members in the 1977 Police Officers' and Firefighters' Pension and Disability Fund appropriate money from police and fire pension funds. The sources of these funds are property taxes, Motor Vehicle Excise Taxes, and Financial Institutions Taxes. The 1977 Police Officers' and Firefighters' Pension and Disability Fund is funded by a 19.5% contribution rate of payroll by the participating cities and towns

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the 1977 Police Officers' and Firefighters' Pension and Disability Fund.

Local Agencies Affected: Those municipalities with members in the 1977 Police Officers' and Firefighters' Pension and Disability Fund.

Information Sources: Doug Todd, McCready & Keene, actuaries for the 1977 Police Officers' and Firefighters' Pension and Disability Fund, 317-576-1508.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586; Jim Sperlik, 317-232-9866.

DEFINITIONS

Unfunded Actuarial Liability -The actuarial liability, sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.